

CLASS-XII (2022-23)

SAMPLE QUESTION PAPER - 4

TIME: 3 HOURS

ECONOMICS (030)

M.M. – 80

GENERAL INSTRUCTIONS:

1. This question paper contains two sections:
Section A – Macro Economics
Section B – Indian Economic Development
2. This paper contains 20 Multiple Choice Questions type questions of 1 mark each.
3. This paper contains 4 Short Answer Questions type questions of 3 marks each to be answered in 60 to 80 words.
4. This paper contains 6 Short Answer Questions type questions of 4 marks each to be answered in 80 to 100 words.
5. This paper contains 4 Long Answer Questions type questions of 6 marks each to be answered in 100 to 150 words.

SECTION A – MACRO ECONOMICS

1. Which one of the following is not a primary function of money? [1]
a) Standard of deferred payments b) Measure of value
c) Medium of exchange d) None of these
2. Autonomous investment curve is always [1]
a) a vertical straight line b) a curvilinear line
c) an upward rising straight line d) a horizontal straight line
3. An Indian company located in India invests in a company located abroad. This transaction is entered in India's balance of payments account on _____. [1]
a) credit side of current account b) debit side of current account
c) the debit side of capital account d) credit side of capital account
4. If MPS is 0.3, value of MPC is _____. [1]
a) 0.8 b) 0.3
c) 0.7 d) 1

OR

In $S = -a + (1 - b)Y$, a denotes

- a) Automatic consumption expenditure
- b) Annual consumption expenditure
- c) Autonomous savings
- d) Consumption expenditure



5. If a car is purchased by a taxi-operator, it will be regarded as a: [1]
 a) capital good b) capital good
 c) capital good and final good d) intermediate good
6. The value of the multiplier is determined by the: [1]
 a) APS b) APC
 c) MPC d) MPS
7. Break point is achieved when [1]
 a) National income $>$ consumption b) National income = Consumption
 c) Consumption = Investment d) Consumption = Saving
- OR
- The value of investment multiplier (k) will always be equal to:
 a) $\left(\frac{\Delta Y}{\Delta Y - \Delta C}\right)$ b) $\left(\frac{1}{1 - \frac{\Delta S}{\Delta Y}}\right)$
 c) (MPC + MPS) d) $\left(\frac{1}{1 - MPC}\right)$
8. If you are given the following data, [1]
 i. Total exports of merchandise ₹ 1,000 crore
 ii. Total imports of merchandise ₹ 1,200 crore
 iii. Total exports of invisibles ₹ 100 crore
 iv. Total imports of invisibles ₹ 100 crore
 the current account on balance of payments shows
 a) a deficit of ₹ 200 crore b) a surplus of ₹ 100 crore
 c) a surplus of ₹ 200 crore d) a deficit of ₹ 100 crore
- OR
- Dr. Manjeet Singh is an NRI, settled in Canada. He deposits \$1 million with a bank in India. This would be treated as a
 a) credit entry in capital account b) debit entry in capital account
 c) credit entry in current account d) debit entry in current account
9. **Assertion (A):** Money supply does not include money held by Government and Commercial Banks. [1]
Reason (R): Government and Commercial Banks are themselves the supplier of money.

- a) Both A and R are true and R is the correct explanation of A. b) Both A and R are true but R is not the correct explanation of A.
- c) A is true but R is false. d) A is false but R is true.

10. State the industrial classification of producing enterprises for the purpose of estimating national income. [3]

11. **Assertion (A):** Depreciation of domestic currency leads to rise in exports. [1]
Reason (R): Depreciation of domestic currency makes domestic goods relatively cheaper, which leads to increase in exports.

- a) Both A and R are true and R is the correct explanation of A. b) Both A and R are true but R is not the correct explanation of A.
- c) A is true but R is false. d) A is false but R is true.

12. Distinguish between current account and capital account of BOP. [3]

OR

Explain the relationship between foreign exchange rate and supply of foreign exchange.

13. State briefly the effect of excess demand on output, employment and price? [4]

14. Explain the role of margin requirements for correcting the deflationary gap. [4]

15. What do you mean by open market operations? How does it control the availability of credit in the economy? [4]

OR

Explain 'currency authority' and 'controller of credit' functions of central bank.

16. Answer the following questions: [6]

- (i) Calculate Net Domestic Product at Factor Cost by
- Income method and
 - Product method from the following data:

Items	(Rs.in Crore)
Net value added at market price by primary sector	1000
Wages and salary	2000
Social security contributions by employers	100
Net value added at market price by the secondary sector	600
Corporation tax	30
Retained earnings of private corporations	10
Net value added at market price by the tertiary sector	1400
Dividend	60
Rent	300

Interest	300
Net indirect tax	200
Social security contribution by employees	80

(ii) State the various precautions of Product Method that should be kept in mind while estimating national income.

17. Answer questions (i) & (ii) OR questions (iii) & (iv). [6]

(i) Subsidies to the producers, should be treated as transfer payments. Defend or refute the given statement with valid reason.

(ii) Define budget deficit and trade deficit. The excess of private investment over saving of a country in a particular year was ₹ 2,000 crores. The amount of budget deficit was (–) ₹ 1,500 crores. What was the volume of trade deficit of that country?

(iii) Give meanings of revenue receipts and capital expenditures with one example for each.

(iv) Give meanings of revenue expenditures and capital receipts in a government budget. Give one example of each.

SECTION B – INDIAN ECONOMIC DEVELOPMENT

18. Import substitution refers to a policy of substitution of imports by _____ production. [1]

a) State

b) Foreign

c) Domestic

d) District

OR

The First Five Year Plan was based on:

a) DAGMAR Model

b) Harod-Domar Model

c) Fountain Model

d) 20 Point Model

19. Land ceiling refers to [1]

a) Fixing the maximum size of land owned by the owner

b) Portion of agricultural produce sold in the market

c) Abolition of intermediaries

d) None of these

OR

Who takes the decisions regarding production and distribution of commodities in a mixed economy?

a) Government

b) Market forces of demand and supply

- c) God
d) Both Market forces of demand and supply and Government
20. Which of the following is a casual worker? [1]
a) A Cashier in Mother Dairy
b) Tution Master
c) Cobbler
d) Construction Worker
21. Operation Flood is associated with: [1]
a) Production of milk
b) Production of eggs
c) Production of fish
d) Production of wheat
22. The most important indicator of the status of education of a country is the: [1]
a) Population rate
b) Birth rate
c) Literacy rate
d) Death rate
23. Under GST, which is not a tax slab [1]
a) 12%
b) 28%
c) 5%
d) 20%
24. In India, _____ was the Chairperson of Planning Commission. [1]
a) Prime Minister
b) Director
c) President
d) Chief Minister
25. **Assertion (A):** During the British regime, India's exports exceeded imports, implying a surplus of balance of trade. [1]
Reason (R): Trade surplus was used for the growth and development of the country.
a) Both A and R are true and R is the correct explanation of A.
b) Both A and R are true but R is not the correct explanation of A.
c) A is true but R is false.
d) A is false but R is true.
26. Banning the use of chlorofluorocarbon compounds and other chlorine and bromine compounds and other chlorine and bromine compounds is called: [1]
a) None of these
b) Chipko movement
c) Apiko movement
d) Montreal protocol

OR

Which of the following is a consequence of ozone layer depletion?



- a) Hampers growth of terrestrial plants b) All of these
- c) Lower production of phytoplankton d) Skin cancer in humans
27. Explain the concept of Affluence trap as a cause of the environmental crisis. [3]
28. **Assertion (A):** The industries became diversified compared to the situation at independence. [1]
Reason (R): Excessive government regulation prevented their growth.
- a) Both A and R are true and R is the correct explanation of A. b) Both A and R are true but R is not the correct explanation of A.
- c) A is true but R is false. d) A is false but R is true.
29. What will happen if there is no additional employment generated in the economy even though economy is able to produce goods and services in the economy? How will jobless growth happen? [3]

OR

Explain the various aspects of the unemployment problem of India.

30. Answer the questions on the basis of the following data. [4]
- Which country is having the highest and least rate of poverty?
 - Suggest some measures that can be taken by India to reduce poverty.

Country	Poverty rate(%age of the total population)
India	21.9%
China	3.3%
Pakistan	29.5%

31. Answer first two questions (i & ii) OR answer the last question (iii): [4]
- State any one outcome of the implementation of Economic Reforms in India in 1991.
 - What are the objectives of WTO?
 - What was Navratna Policy? Make a list of companies included in Navratnas.
32. State whether the following statements are true/false, with valid arguments: [4]
- Human capital formation does not affect the efficiency of physical capital.
 - Expenditure on acquiring information is also a source of human capital.
33. Answer first 3 questions (i, ii, iii) OR last 2 questions (iv, v): [6]
- When was NABARD established?



- (ii) Diversification relates to a shift of workforce from agriculture to other allied activities and non-agricultural sectors. Explain.
- (iii) Why the need for diversification arises?
- (iv) Is it possible to develop information technology as an alternate livelihood option? Give reasons.
- (v) What are the advantages of organic farming?

34. **Read the following text carefully and answer the questions given below:** [6]

India, Pakistan choke on their smog

Northern India and Pakistan exhale a toxic blanket of smog—from vehicle exhaust, coal-burning power plants, trash incineration, brick kilns and farmers’ burning of post-harvest rice stubble. This creates the world’s most poisonous air pollution, as measured by levels of “microparticle” pollutants—those fine enough to lodge deep in people’s lungs and enter their bloodstreams, causing cardiovascular and lung disease. The two countries include 14 of the world’s 15 cities most dangerously polluted by the deadliest particles, labeled “PM 2.5.”

India ranks second, and Pakistan third, behind China, in the numbers of people who die prematurely each year from pollution, according to health data analyzed in 2019 by the Global Alliance on Health and Pollution. Every winter, the subcontinent’s brown haze, heavy with sulfur and metals including lead, thickens as winds and rain subside. In November, Delhi recorded its worst five-day stretch of smog since 2016. The epidemiologists and the World Health Organization say the pollution is likely to elevate the death toll from COVID-19.

But in spring 2021, the pressures of COVID plus sudden moves toward détente may offer opportunity. The countries’ militaries have restored a commitment to a ceasefire in the disputed region of Kashmir, Pakistan’s army chief urged a new effort to settle the conflict and the countries’ prime ministers exchanged conciliatory notes. Indian Prime Minister Narendra Modi has promoted the South Asian Association for Regional Cooperation (SAARC) as a mechanism for addressing COVID regionwide. While moments of relaxation in the 70-year India-Pakistan conflict often pass quickly, this one might offer the chance to launch a necessarily long process of building the requisite political will in both countries to cooperate in reducing air pollution. Such an act of environmental peacebuilding could constructively build confidence between the countries while avoiding the more intractable elements of their conflicts.

Questions:

- i. Illustrate the effect of smog on different countries, apropos of India, as presented in the given extract.
- ii. Explain the issues that make a long process accord a pre-requisite for both (India and Pakistan) the countries.



SOLUTION

SECTION A – MACRO ECONOMICS

1. (a) Standard of deferred payments

Explanation: The secondary function of money includes money as a store of value and money as a standard of deferred payment.

2. (d) a horizontal straight line

Explanation: a horizontal straight line

3. (c) the debit side of capital account

Explanation: The debit side of capital account records outflow of foreign exchange.

4. (c) 0.7

Explanation: $1 - 0.3 = 0.7$

OR

(c) Autonomous savings

Explanation: 'a' is constant which implies that this saving takes place even when income is zero and is independent of the level of income. So, 'a' denotes autonomous savings.

5. (c) capital good and final good

Explanation: A taxi purchased by taxi operators is a final good, as it is to be finally used by the producer as a fixed asset.

6. (c) MPC

Explanation: We know that multiplier is a function of MPC

$$K = \frac{1}{1-MPC}$$

7. (b) National income = Consumption

Explanation: National income = Consumption

OR

$$(b) \left(\frac{1}{1-\frac{\Delta S}{\Delta Y}} \right)$$

Explanation: $\left(\frac{1}{1-\frac{\Delta S}{\Delta Y}} \right)$

8. (a) a deficit of ₹ 200 crore

Explanation: a deficit of ₹ 200 crore

OR

(a) credit entry in capital account

Explanation: credit entry in capital account

9. (a) Both A and R are true and R is the correct explanation of A.

Explanation: Both A and R are true and R is the correct explanation of A.

10. Following is the industrial classification of producing enterprises:

i. **Primary Sector-** Primary sector includes production units exploiting natural resources like land, water, sub-soil assets, etc. Growing crops, catching fish, extracting minerals, animal husbandry, forestry etc. are some examples. It is primary because it is a source of basic raw materials for the secondary sector.

ii. **Secondary Sector-** Secondary sector includes production units that are engaged in transforming one good into another good. Such an activity is called manufacturing



activity. These units convert raw materials into finished goods. Factories, construction, power generation, water supply are examples. It is called secondary because it is dependent upon the primary sector for raw materials.

iii. **Tertiary sector-** Tertiary sector includes production units engaged in producing services. Transport, trade, education, hotels and restaurant, finance, government administration, etc. are some examples. This sector finds third place because its growth is primarily dependent on the primary and secondary sectors.

11. (a) Both A and R are true and R is the correct explanation of A.

Explanation: Both A and R are true and R is the correct explanation of A.

12. The current account records exports and imports of goods and services as well as unilateral transfers, whereas the capital account records purchase and sale transactions of foreign assets and liabilities during a particular year.

OR

There is a direct relationship between price of foreign exchange and supply of foreign exchange. Rise in exchange rate of foreign currency refers to appreciation of foreign currency in relation to domestic currency. When there is rise in foreign exchange rate it leads to depreciation of domestic currency and rise in exports leading to rise in supply of foreign exchange .

13. 1. EFFECT OF EXCESS DEMAND OVER:

2. OUTPUT

1. It does not affect the level of output because economy is already operating at full employment level.

3. EMPLOYMENT

1. There will be no change in the level of employment as the economy is already operating at full employment level.

4. PRICES

1. Excess demand causes rise in prices because extra demand exerts (puts) extra pressure on the same output.

14. Deflationary gap is a consequence of deficient demand. Deficient demand is a situation in which actual AD is less than the AD required at full employment level of equilibrium.

Margin refers to the difference between the market value of the security offered and the amount of loan.

E.g. If the margin fixed by the central bank is 25%, then commercial banks are allowed to give loan up to 75% of the value of the security.

Central Bank decreases margin requirement for correcting deflationary gap. As a result borrowers get more credit against their securities. Consumption and then AD rises and there is reduction in deflationary gap.

15.

○ Open market operations means buying and selling of government securities by the central bank in an open market.

Selling:

○ Central bank sells the Government Securities to commercial banks and reduces their lending capacity or it sells Government Bonds to General Public to reduce their capacity to spend on consumer goods.

Buying:

- Central bank buys the securities back from commercial banks and increases their lending capacity (liquidity) or and it purchases its securities back from the public to increase their capacity to spend.

Credit Control:

- In case of Inflation or excess demand, Central Bank starts selling government securities in the open market.
- This reduces the money supply in the economy
- As a result Consumption, AD falls and there is reduction in Inflationary Gap.
- In case of deflation or deficient demand, Central Bank starts purchasing government securities in the open market.
- This increase the money supply in the economy.
- As a result Consumption, AD rises and there is fall in Deflationary Gap.

OR

Currency Authority : Central bank has the sole authority for issue of currency in the country. In India, RBI has the sole right of issuing paper currency notes except one rupee notes and coins, which are issued by thd Ministry of Finance. All the currency issued by the Central bank is its monetary liability , i.e. Central bank is obliged to back the currency with assets of eqyal value, to enhance the public confidence in paper currency.

Controller of credit : Due to economic fluctuations the central bank controls the money supply and credit in the best intersts of the economy. As central bank has the sole monopoly in currency issue, it can control credit and supply of money. For this it makes use of qualitative and quantitative instruments. Quantitative instruments are used to influence the total volume of credit in circulation. Qualitative instruments are used to regulate the direction of credit.

16. Answer the following questions:

(i) a. **Income Method**

$NDP_{FC} = \text{Compensation of employee (Wages and salary + Social security contribution by employers*)} + \text{Operating surplus (Rent + Royalty + Interest + Profit)} + \text{Mixed income}$

$\text{Profit} = \text{Corporate tax} + \text{Dividend} + \text{Retained earning of private corporations}$
 $= (2000 + 100) + \{300 + 0 + 300 + (30 + 60 + 10)\} + 0$
 $= \text{Rs.2800 crore}$

*Caution- Social security contribution by employees is not income for the employee. Hence be careful to not to add employees's contribution.

a. **Product Method/Value added method**

$GDP_{MP} = \text{Gross value added in the primary sector at market price} + \text{Gross value added in the secondary sector at market price} + \text{Gross value added in the tertiary sector at market price}$

$= 1000 + 600 + 1400$
 $= \text{Rs.3000 crore}$

$NDP_{FC} = GDP_{MP} - \text{Consumption of fixed capital} - \text{Net indirect taxes}$
 $= 3000 - 0 - 200$
 $= \text{Rs.2800 crores}$



(ii) Following are the precautions that must be taken while estimating national income by value-added method or product method:

- i. **Double counting-** Value added equals value of output less intermediate cost. There is a possibility that instead of counting 'value-added' one may count the value of output. You can verify by taking some imaginary numerical example that counting only values of output will lead to counting the same output more than once. This will lead to the overestimation of national income. There are two alternative ways of avoiding double counting: (a) count only value-added and (b) count only the value of final products.
- ii. **Second-hand goods-** Sale and purchase of second-hand goods should not be included in the national income because it does not represent the current year's production. However, any brokerage or commission paid to facilitate the sale of second-hand goods is a part of national income because the commission is a reward for the services rendered.
- iii. **Production for self-consumption-** Production for self-consumption should be included in the national income because these goods are like those produced for the market. They are simply not sold owing to their need by the producers themselves. Hence, the car used by the car producers for transporting their employees.
- iv. **Production from illegal activities-** Production from illegal activities like smuggling, theft, gambling etc. should not be included in the national income because no accounts are maintained for such production.

17. Answer questions (i) & (ii) OR questions (iii) & (iv).

(i) The given statement is defended, as a subsidy is a transfer payment. A transfer payment is a payment of money for which there are no goods or services exchanged. The subsidy is the financial assistance provided by the government to producers to fulfil its social welfare objectives. The government does not get anything in consideration for the same. It does not contribute to the current flow of goods and services and hence do not contribute to any value addition.

(ii) **Budget Deficit:** Budget deficit refers to the situation when the amount of the government's expenditure exceeds the tax revenue earned by the government.
Budget deficit = Tax revenue – Government expenditure or Budget Deficit = $G - T$

Trade Deficit: Trade deficit is the excess of import expenditure over the export revenue earned by the economy.

Trade Deficit = Import Expenditure - Export Revenue or Trade Deficit = $M - X$

It is given that,

$I - S = ₹ 2000$ crores.

$G - T = (-) ₹ 1500$ crores.

Therefore,

Trade deficit = $[I - S] + [G - T]$

= $2000 + [-1500]$

= ₹ 500 crores

(iii) **Revenue receipts:** The receipts of the government which neither create any corresponding liability to the government nor do they create any reduction in



assets are termed as revenue receipts, e.g. tax receipts of the government, sale proceeds of goods, interest received etc.

Capital expenditure: The expenditure of the government which leads to an increase in government assets or reduction in government liabilities is termed as capital expenditure. Capital expenditures include large purchases of fixed assets that can be used for a longer duration. e.g. expenses on the construction of national highways, dams and re-payment of loans etc.

(iv) **Revenue expenditure:** The expenditure of the government which neither cause an increase in the government assets nor cause any reduction in government liabilities are termed as revenue expenditures, e.g. salaries of government employees, interest payment on loans taken by the government, pensions, subsidies, grants, rural development, education and health services, etc.

Capital receipts: The receipts which create corresponding liability for the government or lead to a reduction in assets of the government are termed as capital receipts, eg. disinvestment of PSUs.

SECTION B – INDIAN ECONOMIC DEVELOPMENT

18. (c) Domestic

Explanation: Domestic

OR

(b) Harod-Domar Model

Explanation: Harod-Domar Model

19. (a) Fixing the maximum size of land owned by the owner

Explanation: Fixing the maximum size of land owned by the owner

OR

(d) Both Market forces of demand and supply and Government

Explanation: Mixed economy refers to the economic system where the economic activities are directed by both private and the government. In other words, it is the market economy which is regulated by the government or the state.

20. (d) Construction Worker

Explanation: Casual workers are daily wagers. They are not hired by their employers on regular basis.

21. (a) Production of milk

Explanation: Operation flood is a system whereby all the farmers can pool their milk produced according to different grades based on their quality and the same is processed and marketed to urban centres through cooperatives.

22. (c) Literacy rate

Explanation: Literacy rate refers to the percentage of people who are able to read and write to those who are not. The literacy rate is concerned with the education of the country.

23. (d) 20%

Explanation: 20%

24. (a) Prime Minister

Explanation: After India achieved Independence, a formal model of planning was adopted, and accordingly the Planning Commission, reporting directly to the Prime

Minister of India, was established on **15 March 1950**, with Prime Minister Jawaharlal Nehru as the Chairman.

25. (c) A is true but R is false.

Explanation: During the British Regime, India's exports exceeded imports, employing a surplus of the balance of trade. But this surplus was owing largely to the export of primary goods which is a sign of economic backwardness. The trade surplus was not used for the growth and development of the country, instead, it was used to meet administrative expenses of the British government in India, as well as to meet expenses of wars fought by the British government.

26. (d) Montreal protocol

Explanation: Montreal protocol

OR

(b) All of these

Explanation: All the options are consequences of ozone layer depletion.

27. Affluence means economic well-being. A trap is something in which we get caught and we can not escape out of it. In economic terms, The affluence trap means environmental degradation trap. when a nation becomes more affluent, more natural resources are used up causing environmental problems. In the rich countries of the developed world, the high level of consumption associated with a high level of income is using up natural resources at a fast pace. As a consequence, these countries are getting trapped in a situation of severe environmental degradation.

28. (a) Both A and R are true and R is the correct explanation of A.

Explanation: Both A and R are true and R is the correct explanation of A.

29. A jobless growth happens when production takes place using capital intensive methods. Such a jobless growth is dangerous for the economy.

(a) Unless employment is generated in the economy, poverty can't be eradicated.

(b) Without employment, people will not have an income. Without an income, who will buy the goods and services? It will lead to depression in the economy.

OR

Following are three aspects of the employment problem of India:

- i. **Low Rate of Labour Force Participation-** It implies that the labour force forms a low (37%) proportion of the total population. This is a major reason for India's low per capita income.
 - ii. **Unemployment and Under-employment-** It is another aspect which implies that a significant proportion of the labour force is either unemployed or under-employed. Underemployment and unemployment amount to wastage of labour force.
 - iii. **Low Productivity of Employment-** It is the qualitative aspect which refers to very low productivity of those employed.
30. i. Pakistan is having the highest and China is having the east rate of poverty.
- ii. Various measures that India can take to reduce poverty are:-
- labour-intensive method of production
 - Development of agriculture
 - stability in the price level
 - eradication of unemployment
 - Special focus on backward regions

- opportunities for self-employment

31. Answer first two questions (i & ii) OR answer the last question (iii):

(i) Greater inflow of investment.

(ii) i. To develop integrated and durable trading system.

ii. To reduce tariff and non-tariff barrier.

iii. To ensure linkages between trade policies, environmental policies and sustainable development.

iv. To raise the standard of living.

(iii) Originally, the term Navaratna meant a talisman or ornament composed of nine precious gems. Later, this symbology was adopted in the courts of Emperor Vikramaditya and the Mughal Emperor Akbar, where the Navaratnas were a group of nine extraordinary men in their respective courts. In 1997 Govt. of India announced Navratna Policy in order to improve efficiency, enhance professionalism and enable them to compete effectively in the liberalised global environment. The Navratna status is offered to PSEs, which gives a company enhanced financial and operational autonomy and empowers it to invest up to Rs. 1000 crore or 15% of their net worth on a single project without seeking government approval. In a year, these companies can spend up to 30% of their net worth not exceeding Rs. 1000 cr. They will also have the freedom to enter joint ventures, form alliances and float subsidiaries abroad. Under this policy, 9 most profitable PSUs were given status of navratna and 97 other profit making PSUs were called Mini ratnas.

List of companies included in Navratnas is as follows:

1. Indian Oil Corporation Ltd. (IOC)
2. Bharat Petroleum Corporation Ltd.(BPCL)
3. Hindustan Petroleum Corporation Ltd.(HPCL)
4. Oil and Natural Gas Corporation Ltd.(ONGC)
5. Steel Authority of India Limited (SAIL)
6. Indian Pharmaceuticals Corporation Ltd.(IPCL)
7. Bharat Heavy Electronics Ltd. (BHEL)
8. National Thermal Power Corporation Ltd. (NTPC)
9. Videsh Sanchar Nigham Ltd. (VSNL)

Later two more PSUs were included in the list:

1. Gas Authority of India Limited (GAIL)
2. Mahanagar Telephone Nigam Limited (MTNL)

32. State whether the following statements are true/false, with valid arguments:

(i) **(b)** False

Explanation: False. Human capital formation increases the efficiency of physical capital.

(ii) **(a)** True

Explanation: True. Expenditure on acquiring information is a source of human capital.

33. Answer first 3 questions (i, ii, iii) OR last 2 questions (iv, v):

(i) 1982



- (ii) Agricultural diversification means a major proportion of the increasing labour force in the agricultural sector needs to find alternate employment opportunities in other non-farm sectors. Diversification is an emerging challenge in the context of rural development. It has two aspects: Diversification of crop production and Diversification of productive activity.
- (iii) The need for diversification of agriculture arises from the fact that there is a greater risk in depending exclusively on farming for livelihood.
- (iv) Information Technology (IT) has revolutionized many sectors in the Indian economy. This will be clear from the following facts:
- The role of IT is justified by the increased ability of the government to predict areas of food insecurity and vulnerability through its use.
 - IT sector also has the potential for employment generation in rural areas.
 - IT sector also has a positive impact on the agricultural sector as it disseminates the information regarding emerging technologies and their applications, weather, soil conditions, prices etc.

The initiative of the private sector along with support from government has made it possible to develop this sector as a sustainable livelihood option.

- (v) Following are the mentioned below advantages of Organic Farming.
- Farmers can reduce their production costs because they do not need to buy expensive chemicals and fertilizers.
 - Healthier farm workers.
 - They improve plant growth and physiological activities of plants.
 - In the long term, organic farms save energy and protect the environment.
 - There is an increasing consumer are willing to pay more for organic foods.
 - More animals and plants can live in the same place in a natural way. This is called biodiversity.
 - Pollution of ground water is stopped.
 - They reduce the need for purchased inputs

34. i. The given extract highlights the effect of smog on the Indian subcontinent (primarily Northern India and Pakistan). Smog is the world's most poisonous air pollution, as measured by levels of "microparticle" pollutants that are fine enough to lodge deep in people's lungs and enter their bloodstream. India ranks second, and Pakistan third, behind China, in the numbers of people who die prematurely each year from pollution, according to health data analyzed in 2019 by the Global Alliance on health and pollution. Every winter, the subcontinent becomes brown haze, heavy with sulfur and metals including lead, thickens as winds and rain subside. In November, Delhi recorded its worst five-day stretch of smog since 2016. The epidemiologists and the World Health Organization said the pollution is likely to elevate the death toll from COVID-19.
- ii. The issue of COVID and pollution together has made it necessary for both India and Pakistan to hold a long-term accord. It has offered the chance to launch a necessarily long process of building the mandatory political will in both countries to cooperate in reducing air pollution. Such an act of environmental peacebuilding could constructively build confidence between the countries while avoiding the more intractable elements of their conflicts.

